

## ASPIRE PERFORMANCE REPORT FOR THE 6-MONTHS ENDED DECEMBER 2013

[Amathole Economic Development Agency (SOC) Ltd, T/A ASPIRE]  
[January 2014]

### PURPOSE

In terms of the section 88 (1) of the MFMA the accounting officer of the municipal entity must by 20 January of each year assess the performance of the entity during the first half of the financial year, taking into account:

- management accounts for the first half of the financial year
- targets set in the service delivery, business plan
- other agreements with the entity's parent municipality
- the entity's annual report

and submit a report on such assessment to:

- the board of directors of the entity; and
- the parent municipality of the entity.

The purpose of this report is to present ASPIRE's mid-year performance report for the period July 2013 to December 2013.

### LEGAL/STATUTORY REQUIREMENTS

- The Constitution of the Republic of the South Africa Act 108 of 1996
- The Local Government Municipal Structures Act 117 of 1998
- The Municipal Finance Management Act 56 of 2003

## STRATEGIC DOCUMENTS

- Amathole Regional Economic Development Strategy 2007-2027
- ASPIRE Strategy 2013-2018
- ASPIRE Performance Management System
- ADM IDP 2012-2017

## BACKGROUND

The new financial year started with the approval of the new 5-year strategic plan for the period 2013-2018 by the Board of Directors. The new strategic plan is aimed at stimulating the rural economy through, namely agriculture, heritage & tourism and small town regeneration. These three pillars form the core business of ASPIRE, and it is initiatives in these three areas that are implemented in the various corridors within the Amathole region. The focus of the strategy is on empowerment of women, youth and people with disabilities to ensure that they play a role in the economy of the region.

Whilst the first six months of the 2013/2014 financial year were productive, they were also highlighted by a large number of changes within ASPIRE. These include declining in funding, poor performance by contractors, poor performance by the project managers and delays in filling the COO position amongst others. These challenges have resulted in management taking strides in strengthening of the risk management system and development of a funding model with a clear funding strategy. However, the prolonged vacancy of the COO coupled with below par capacity of project managers continue to exact pressure on the leadership of the agency as delivery on the core business is adversely affected.

Whilst work continued on the various ASPIRE projects during the first 6 months of the 2013/2014 financial year, the challenges facing the agency have resulted in the agency achieving only 43.5% of it's targets. Management appreciates the fact that this situation is unacceptable and plans are in place to address it in order to ensure that at

least 80% of the targets are achieved by the end of the third quarter. The turnaround measures include appointment of a consultant to assist the CEO with the turnaround of the core business, the change management is in place and the CEO will put more effort on driving the core business to meet its target. The implementation of the agricultural strategy which was approved by the Board of Directors in December, the appointment of a project Manager to drive agriculture (he assumed duty in December 2013) and the development of the tourism strategy are some of the measures that have been put in place by management to ensure an achievable turn around.

Highlights of achievements over the past 6 months are provided in line with ASPIRE's strategic goals, namely:

1. Good and Effective Service Orientated Organisation
2. Economically Thriving Small Town and Rural Communities
3. Rural Community Clusters
4. The Preferred Investment and Development Partner

## 1. GOOD AND EFFECTIVE SERVICE ORIENTATED ORGANISATION

### Objective

#### *Operational efficiency and effectiveness*

ASPIRE has 8 specific organisation targets that speak to operational efficiency and effectiveness to ensure that a good and effective service orientated organisation emerges.

Target 1 : Organisational design plan in place

Target 2 : Skills audit, retraining of staff, skilled staff appointed

Target 3 : Strengthen project management capacity

Target 4 : Fundraising strategy in place and implemented

Target 5 : 100% of policies reviewed

Target 6 : Effective risk management system in place

Target 7 : A clean audit

## Target 8 : Compliance management system in place



These targets relate to firstly to Human Resources, Financial management and Risk, and Governance.

Due to the large number of changes that have taken place over the last year within ASPIRE, the organisation has committed to implementing an organisational design plan that will incorporate both a change management process, as well as organisational development plan. This will also involve a skills audit to identify gaps and strengthen the overall capacity of staff and alignment with the new strategy. To this end, the change management process was implemented in the second quarter of the year. Training on supply chain management processes and bid committees was provided. Senior management staff and the Board of Directors also received training on the new Company's Act, King III and governance related matters.

A funding model was approved by the Board of Directors, whereby the agency will in future explore alternative funding sources in order to become self-sustainable.

During the first 6 months, 12 policies have been reviewed and 5 new policies have been approved by the Board of Directors. A risk policy was approved which enabled an effective risk management system to be put in place, and to be assessed on a quarterly basis.

The Company Secretary position which was previously outsourced, has been filled and this will effectively enhance the agency's compliance with relevant prescripts, reduce dependency on consultants, provide in house legal advice whilst also strengthening governance, a service that was also previously outsourced.

The Auditor General was present during the second quarter, and the unqualified audit results, has once again provided the agency with a strong base on which to move forward.

## 2. ECONOMICALLY THRIVING SMALL TOWNS AND RURAL COMMUNITIES

### Objective 1

*Promote improved and co-ordinated planning in the district*

*Target 9 : At least 4 LSDF completed*

In order to promote an integrated development amongst the various stakeholders, a target was set to complete 4 Local Spatial Development Framework documents during the current financial year. This would assist with providing direction on future development capacity or potential of the respective areas. By the end of the second quarter, 2 LSDF documents were in the final phases of completion.

### Objective 2

*Successful project delivery in projects that promote the upgrade of socio-economic infrastructure, social cohesion, growth of local SMME sector and strengthening of economic linkages between small towns and rural communities*

This objective talks to the main core business of ASPIRE, and as such is divided into the 3 main pillars upon which the agency is grounded:

#### Small Town Regeneration

*Target 10 : Facilitate the upgrade of supporting infrastructure to ensure that economic development can thrive through initiation of at least 3 infrastructure legacy projects.*

The target was to initiate three infrastructure legacy projects during the year under review. By the end of the second quarter, a total of two initiatives have been

identified, namely Alice CBD upgrade and Alice taxi rank. Significant planning has taken place for both initiatives and the contractor has taken over the site for the CBD Upgrade in Alice.

Construction of the Music Academy and the Environmental Center in Hamburg is 80% complete and the Mlungisi Community Commercial Park is complete.

*Target 11: Establish at least 3 local market centres*

To date, maize in Willowvale, Traditional Xhosa attire in Great Kei have been identified. Planning work on the establishment of local markets has been initiated. Progress was made with the development of Amathole Product Brand.

Agriculture

*Target 12: At least 4 food security projects*

An agricultural strategy was approved by the Board of Directors. This strategy aims at delivering three food security projects which have been identified, namely Kulo-Jingqi food security initiative (Mbhashe), Zazulwana (Mnquma), and Nxuba Food Security projects. The fourth initiative is being discussed with Great Kei LM. Planning work has been completed at Amajingqi during Quarter 1. During quarter 2, progress was made in Zazulwana with an operational nursery and Nxuba.

*Target 13 : At least 2 commercial production projects implemented*

Maize processing at Shixini (Amajingqi), nursery development at Shixini, as well as Citrus farming at Nqgushwa were identified and planning work was implemented for these projects during quarter 1. During quarter 2, a hydroponic development initiative was identified for the Great Kei due to its proximity to the markets (East London).

*Target 14 : Review at least 4 existing projects to ensure sustainability*

The Bamboo Project in Butterworth was reviewed during quarter 1 and the outcome of the review process is that the project is not sustainable due to the fact that the site is not suitable for Bamboo production.

*Target 15 : At least 1 fish farming project implemented*

DAFF (MCM) was engaged and two projects were identified (one in Hamburg and 1 in Ohorha). ELIDZ was also consulted. Further engagements with DAFF and the ECDC revealed a need for a structured collaboration in the two projects and a workshop is planned for February to clarify roles and agree on areas of collaboration. The intention is to have an MOU with a clear implementation approach by the end of February 2014.

Tourist and Heritage

*Target 16 : Develop Hamburg into a cultural precinct*

Engagements with Ngqushwa Municipality in order to finalise the handover of the assets were conducted, and an MOU with the local municipality was signed. Further engagements with the S21 company have proved to be difficult. At present, the S21 company continues to operate the facility, with limited input from ASPIRE, until such time that the legal issues surrounding the S21 company have been finalized.

Construction work for the Music Academy and the Educational center is 80 % complete.

*Target 17 : Facilitate the promulgation of Amathole Biosphere Reserve*

ASPIRE is represented in the Steering Committee. The CEO met with SANBI to gain an understanding on the current process. It is clear that ASPIRE is not in a position to drive the initiative because it transverses other District Municipalities (Cacadu and

Chris Hani). Furthermore the ADM is driving some activities without ASPIRE on board, e.g. the consultation underway lead by Aurecon . As such, the Board has approved the removal of this target from the company targets for quarter 3 and 4.

### 3. RURAL COMMUNITY CLUSTERS

#### Objective

*To create sustainable rural communities in order to reduce migration to urban areas*

*Target 18: Pilot rural community cluster approach*

The Community Cluster approach is being piloted and reviewed at Kulo-Jingqi Traditional Authority.

*Target 19 : Pilot information access by rural communities in two rural communities*

The Pikoli and Shixini communities have been identified. Discussions were held with the ELIDZ and the IDC to assist with implementation. ELIDZ is very keen on assisting and an SLA / MOU with them is under discussion. Through funding from Murray Trust the IT connectivity for Kulo-Jingqii Community was completed. Consultations are underway for Pikoli initiative.

### 4. THE PREFERRED INVESTMENT AND DEVELOPMENT PARTNER

#### Objective

*Strengthen the mechanism for collaboration across all stakeholders thereby building a reputable brand*

*Target 20 : MOU's signed between ASPIRE and the local municipalities*

The ASPIRE Strategy was presented to the following Municipalities during quarter 1;

Nxuba LM, Amahlathi LM, Nkonkobe LM and to the Great Kei and Ngqushwa Municipalities in Quarter 2. MOUs are in draft form and are being negotiated with the five LMs.

*Target 21 : At least two agreements signed with partners*

Stakeholder analysis is delayed due to capacity constraints. The vacancy of the COO position is stretching the capacity of the CEO tremendously. Agreement was signed with Enterprise Ilembe. Three agreements are being negotiated as follows: 1. ARC for cooperation on agriculture, 2. ELIDZ for cooperation on science and technology, agro-processing and market access, 3. Eastern Cape Parks and Tourism Agency on Tourism.

*Target 22: Develop a brand strategy*

An Amathole brand was developed during quarter 2 and presented to the Board of Directors for approval. Further input from stakeholders is required, and this will be undertaken during quarter 3.

*Target 23: Development and implement an investor promotion strategy*

No progress was made in this area.

*Target 24 : Undertake a social economic impact assessment of at least 4 projects*

Due to funding constraints, assessments have not yet been undertaken, however project managers have been made aware of the importance of contract management to ensure the effective implementation of their projects. Further training in this regard will be undertaken.

## CONCLUSION

ASPIRE has 23 approved company targets for the current financial year that were approved by the Board during August 2013. To date, the agency has achieved 43.5% of these targets, as at the end of December 2013. Management have developed a turnaround plan which will be implemented in the 3<sup>rd</sup> quarter to ensure that at least 80% of the targets are met by the end of the third quarter.

In addition negotiations for R37m natural resource management agreement are at advance stages. Through this program, ASPIRE will be able to create jobs, improve the flow of water in the main catchment areas of the ADM whilst also rehabilitating natural resources. This is a positive initiative as it focusses on skills development and targets women, youth and people with disabilities.

## OTHER PARTIES CONSULTED

ASPIRE Staff and Management

ASPIRE Board of Directors

## RECOMMENDATION

It is recommended that the Council notes the report.

Mrs Nokulunga Mnqeta  
Chief Executive Officer

## PERFORMANCE REPORT ON SPECIFIC PROJECTS IN THE VARIOUS CORRIDORS

### N2 CORRIDOR

#### BUTTERWORTH REGENERATION

##### **Local Spatial Development Framework & Business plans**

The LSDF has been finalized and will be presented for final approval to the Council in the third quarter of the financial year. It identifies four precinct developments:

- a) Gcuwa Dam and Golf Course development,
- b) Phase two CBD Upgrade,
- c) Msobomvu Precinct development,
- d) Ibika Industrial Node

##### **Gcuwa Dam development**

A professional team has been appointed to deal with the issue of the environmental impact assessment for the dam development. Whilst work on the EIA continues the current business plan is being revised in order to attract a private partner which would enable the concept to be developed under the auspices of a PPP.

A review of the bamboo project in Zazulwana which recommended alternative farming enterprise for the area resulted in the development of a Household Food in this community including the utilization of the nursery for production of vegetable seedlings.

#### DUTYWA REGENERATION

##### **CBD upgrade & precinct development**

The designs for the upgrade of water and sanitation for the Idutywa town was

concluded and submitted to the ADM for funding.

The concept of Dutywa/ Willowvale being “a gateway into the Xhosa kingdom” is being developed and it will talk to the tourism potential of the area. This will also provide an access to the Wild Coast. ASPIRE has engaged various Departments to further this concept. These departments are owners/custodians of some of the “heritage” properties in Dutywa. To enhance the tourism potential, commitments are being sought from the relevant departments for the upgrade/construction of the road between Willowvale & Dwesa.

The development of precinct plans for both Elliotdale and Willowvale were initiated and consultation with the local stakeholders is underway. They are due to be completed by January and will only be presented to Mphashe council at their next sitting in April.

A community rural cluster approach was initiated at Kulo- Jingqi in Willowvale with a view to develop an agricultural hub for the area.

## N6 CORRIDOR

### STUTTERHEIM REGENERATION

#### **Mlungisi Community Commercial Park (MCCP)**

The construction Mlungisi Community Commercial Park was finally completed, the only remaining work is the installation of the water tank. The intention is to have the center operational in the third quarter and hand it over to the local municipality.

Fundraising for the Cathcart Wattle Eradication is underway.

### KEISKAMMAHOEK REGENERATION

With funding from the IDC’s Social Capital Investment programme to the amount of R300 000, ASPIRE is implementing a project to upgrade the existing St Matthew’s High School science laboratory. The tender for this upgrade has been awarded and we are optimistic that the laboratory will be handed over to the Department of Education

in the third quarter of the financial year.

### **KEISKAMMAHOEK BLUEBERRY LARGE OUT GROWERS**

ASPIRE and ECDC are promoting the establishment of commercial berry farmers amongst emerging farmers and rural communities under the Berry Outgrower Programme. ASPIRE secured R35m funding in 2010 from the DTI's Employment Creation Fund, through the Department of Rural Development and Land Reform, to develop 18ha blueberry orchards amongst 3 outgrowers in the Keiskammahoek area over 3 years. In the past year, capital expansion of the 2<sup>nd</sup> and 3<sup>rd</sup> outgrowers has been stunted due to DRDLR and DTI not transferring the R10m tranche for the 2<sup>nd</sup> year. Nevertheless, existing operations continued through prudent cash management. Despite the funding challenge, a greater than expected yield for the Gxulu Berries was received.

ASPIRE has resorted to purchase inputs to keep the project alive. Follow up on the funding will continue whilst alternative funding sources are also being explored.

### **AMABELE / NDAKANA REGENERATION**

#### **Amabele / Ndakana Rural Cluster**

The Amabele-Ndakana rural business cluster development continues to grow and strengthen, built on the foundations of detailed planning done in previous years, together with strong relationships built. ASPIRE's main role is to facilitate and coordinate the development of this rural business cluster.

ASPIRE has continued with the institutional strengthening of the community owned enterprises in the cluster. These include:

- Ndakana Wood Products Cooperative (NWP Coop): expanded its operations to cover all 9 villages in the area. NWP Coop has 1ha vegetable cash crop in each village, Ndakana
- Household Agro-ecological Support Cooperative: secured an additional R200 000

from DBSA Drylands Fund and UNDP GEF to support its operations for another year, thus enabling it to increase its members from 80 to 100 across 5 villages. The number of member has increased to 100. The development of a seedling nursery was initiated in the last quarter.

- Ndakana Bee and Honey Cooperative: ASPIRE is working with members to strengthen the structure and developing a business plan so that fundraising could be initiated.

ASPIRE continued to assist the local trustees in building the capacity of the Ndakana Community Development Trust (NCDT) to fulfil its mandate of acquiring, holding and dealing with the land for the economic and social benefit of the members of the Ndakana community.

ASPIRE is finalising the Amabele Village Development Plan that will be the blueprint for developing Amabele as an agri-processing hub. Funding applications to develop the necessary public infrastructure to cater for future private investments at Amabele have also been submitted.

The Amabele-Ndakana cluster development not only provides employment opportunities to local residents, but also encourages locals to take responsibility and change their own lives. The focus for the coming year will be to develop and maintain the necessary public infrastructure and provide institutional support to retain and grow the existing enterprises, establish new community enterprises, and attract new investments.

### R63 CORRIDOR

### ALICE REGENERATION

The first phase of the Alice regeneration strategy which involves the construction of a pedestrian bridge has begun, although progress has been slow due to capacity

problems with the contractor. The construction of the paved pathways for the Alice bridge project linking Lovedale FET and Ntselemanzi with Alice CBD is almost complete. The installation of the steel bridge to complete the pathway will be completed in the third quarter.

The second phase and third phases, which entails the upgrade of the CBD and the taxi rank will be advertised for construction proposals early in the new financial year.

A service provided was appointed for the CBD upgrade. Follow up on the funding allocation for the Taxi Rank is underway.

### **Nxuba LSDF and R63 Corridor Economic Development Plan**

The draft LSDF was presented to ASPIRE's management and comprehensive feedback was given to the consultant. Final LSDF is expected to be presented to the Nxuba Council in the third quarter of 2013.

R500 000 has been set aside to support the household food gardens in the LM.

### **R72 CORRIDOR**

#### **HAMBURG REGENERATION**

##### **Hamburg Town Centre Upgrade**

Construction of the Music Academy and the Environmental Center is 80% complete and the process of finding tenants for the facilities is underway. The handover of the asset to Ngqushwa Municipality is planned for the fourth quarter of the financial year.

##### **Hamburg Artists Retreat**

R3m was received from DEDEAT for operationalization of the Artist Retreat. The section 21 company is operationalizing the facility amid legal challenges that relate to their establishment and appointment as an operator and they have refused to assist in finding an amicable solution to the situation. This complex situation is negatively

impacting on the sustainability and community beneficiation from the development.

### PEDDIE REGENERATION

The Peddie LSDF was adopted by the Ngqushwa Municipality, with the two main interventions that have been identified being the development of an agricultural resource and skills centre, as well as an upgrade of various infrastructure items within the central business district.

Whilst work on the feasibility study, together with business plan and fundraising strategy for the two identified interventions commenced in early 2013, ASPIRE together with Ngqushwa LM felt that the agricultural center concept does not seem viable. A situational analysis of the Ngqushwa Agricultural program was undertaken in December 2013. The intention is to develop a comprehensive agricultural plan for the area and this will inform future infrastructure needs.

**FINANCE REPORT TO SUPPORT THE ASPIRE MID-YEAR PERFORMANCE REPORT**

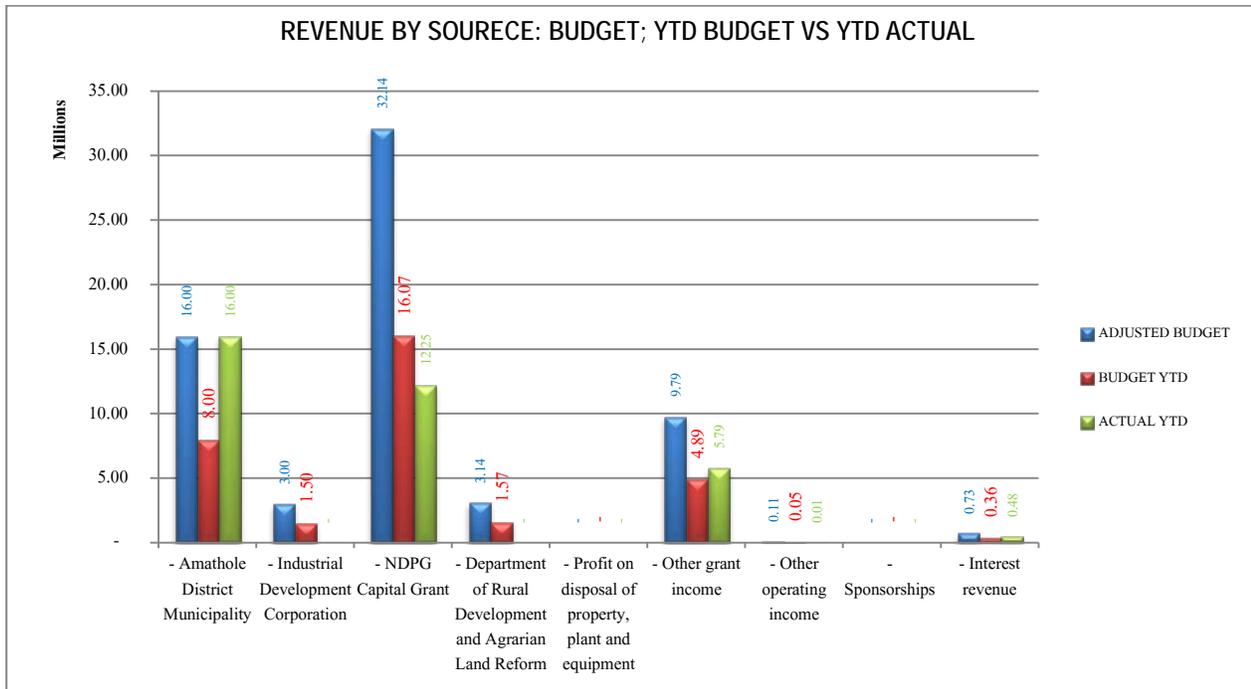
**[January 2014]**

**1. Revenue by Source**

The total income received and realized by Agency as at end of December 2013 was R34.5million slightly higher than the YTD budget of R32.5 million. R14.4 million of the amount received or realized was spent on projects. The following Grant income was still outstanding at the end of December 2013:

- R3 million from IDC for operations and planning. The agreement between ASPIRE and IDC was signed towards the end of October 2013 and draw-down request for R3 million was submitted to IDC at the beginning of November 2013;
- R3.7 Grant from Rural Development for blue berries (Awaiting Rural Development to finalize their MOU with the DTI);

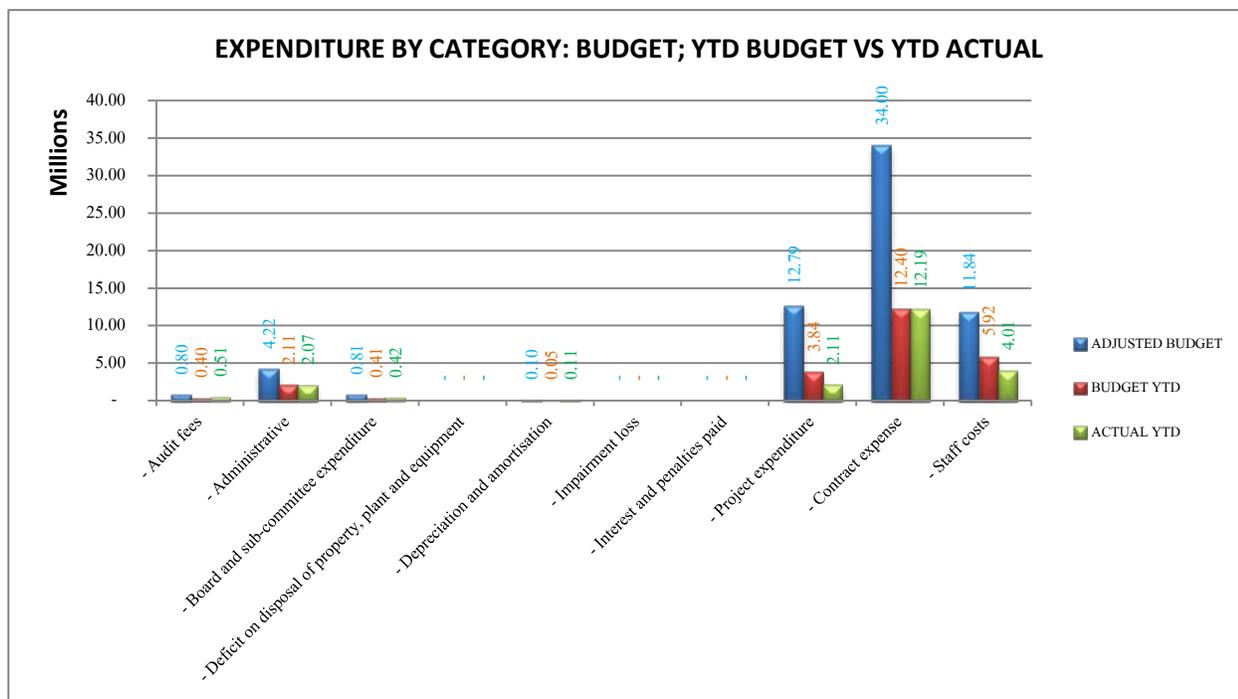
The graph below depicts a comparison of Budgeted revenue, budget YTD (end December) as well as actual revenue received or realized by funder / source.



**Section 88(1) Report - January 2014**

## 2. Expenditure

The overall expenditure for the first half of the financial year was R21.4 million of which 66% was spent on direct programmes (projects), 18% on Employee costs and 16% on other general Administration costs.



The graph above depicts a comparison of overall budget, budget YTD (end December) and actual expenditure as at end of December. The overall expenditure as at end of December 2013 was R21.1 million while the YTD Budget was R25.1 million resulting in an under expenditure of about R4 million. The variance is mainly attributed to Direct Programmes with a variance of R1 938 879 (R1 725 089 on project expenditure and R213 789 on Capital projects) and Personnel expenditure with variance of R1 906 353.

## 3. Direct Programmes

The construction of Alice CBD awarded for R17 million will start in Jan 2014 while Alice Public Transport Hub is currently on hold pending the confirmation of funding allocation from the NDPG. The YTD budget for direct programmes is R16.2 million for the first six months ending December 2013 and the actual expenditure was R14.3 million. The variance of R1 938 879 as indicated above is mainly due to the delays in completion of the Alice pedestrian Bridge and the transfer of IDC funding of which R1.5million was allocated for projects. Although the expenditure was slightly below than expected by R1.9million the Agency is still on track with respect to expenditure of projects budget however there is a concern with respect to Alice

Transport Hub as the advertisement of the tender has been put on hold. If confirmation of funds for this project is delayed, management will considered further budget adjustment to reflect the exact status of the project funding available.

Management has taken a decision to cancel the contract for Alice Pedestrian Bridge due to non-performance and implement section 32 of the National Treasury SCM regulations or include the completion of the bridge to the CBD upgrade contract by means of variation order. With respect to the Transport hub tender management will continue to engage with NDPG to ensure that the funding for this project is allocated in the next Treasury's financial year beginning in April 2013.

#### **Personnel costs**

The variance of R1.9 million in Personnel expenditure YTD budget relates to: vacant posts of 2 x Programme Managers (new posts), 1 x COO (from September). The remainder of variance equates to staff training budget and estimated pro-rata bonus payable only at year end.

**The following documents / Schedules have been attached for ease of reference:**

- Statement of Financial Performance - December 2013
- Financial Position - December 2013
- Cash Flow Statement - December 2013
- Schedule of Projections - December 2013
- Liquidity Ratios - December 2013

STRATEGIC GOAL #	STRATEGIC GOAL DESCRIPTION	OBJECTIVE	INDICATOR	ORGANIZATIONAL TARGETS	PLANNED PROJECT OUTCOMES	BUDGET	QUARTERLY TARGETS					
							Q1	Q1 PROGRESS REPORT	Q2	Q2 PROGRESS REPORT	REASONS FOR NOT ACHIEVING TARGET	MEASURES TO ENSURE THAT THE TARGET IS MET BY 30 June 2014
BUDGET ALLOCATION - Good and Effective Service Orientated Organisation (R17 623 066)							4 443 266.58	4 443 266.58				
1	Good and effective service orientated organisation	Operational efficiency and effectiveness	Organogram and organisation design plan approved by Board of Directors	1. Organisational design plan in place	Effective organisation	11 210 236.20	N/A	Perform skills audit	Not Achieved : Change management service provider has been appointed to conduct workshops with staff. Gap analysis in terms of skills to be undertaken during change management process and finalised during OD process. The process was initiated in the second quarter and it is anticipated that it will be completed in the third quarter	Delays in sourcing a suitable service provider	Service provider is in place and the process plan indicate that the process will be concluded within the third quarter	
			One report on skills audit and training	2. Skills audit and retraining of staff undertaken/ appropriately skilled staff recruited	Skilled and effective staff	300 000.00	N/A					
			One report on training undertaken to improve capacity	3. Strengthen Project Management capacity	Effective project management	140 984.53	N/A					
			Fundraising strategy approved and R50 million raised	4. Fund raising strategy in place and implemented	R50 million raised for the year	881 153.30	Draft Strategy with employees input	Fundraising strategy approved by the Board	Achieved. Fund raising model was approved by the board at December board meeting. R220K was secured from GIZ for change management. Negotiation of a R37 m contract with DEA was concluded and a draft agreement was submitted. It is anticipated that the agreement will be signed before the end of January 2014. A proposal for R2.8m for Amajnggi agroprocessing project was submitted to the IDC. R14m proposal for Hamburg was submitted to the Department of Rural Development and Land Reform.	N/A	N/A	
			Number of policies reviewed annually	5. 100% of policies reviewed	Updated policies	352 461.32	Done, 25%, 7 of 27 policies/charters were reviewed (Board Charter, Board Remuneration Policy, Audit and Finance Comm Charter, HR and Admin Comm Charter, Performance Management Policy, Supply Chain Management, Asset Management Policy)	40%	Achieved. 13 of 27 existing policies have been reviewed (48%). A further 5 new policies have been approved (total policies = 32)	N/A	N/A	
			Risk management register and quarterly report on risk management	6. Effective risk management system in place	Risk Management Policy in place and implemented.	176 230.66	Risk management policy approved by the board and risk assessment concluded with risk register in place	Done, Risk Management policy was approved by the Board of Directors in August 2013	Quarterly review of risk register and risk reports approved by the board	Achieved. Risk register updated quarterly and quarterly risk management reports were approved by the Board of Directors	N/A	N/A
			Clean auditor general report	7. A clean audit	Effective financial management	1 512 000.00	Implementation of internal audit plan and submission of statutory returns	The internal Audit Plan was implemented and the audit of performance audit was conducted in line with the plan. All statutory submission were made on time and these include: AFS submission to AG and ADM; Monthly VAT returns; Sec 81 returns to ADM etc. The Auditor General is currently on site since beginning of September and so far they have not identified major queries that might impact the audit opinion.	Implementation of internal audit plan and submission of statutory returns	Achieved. Statutory returns are submitted on time. Internal Audit reviewed the 2013 AFS during the second quarter	N/A	N/A
			Compliance audit scorecard.	8. Compliance management system in place	Company Secretary appointed and compliance management system in place	900 000.00	Job Profile approved, job evaluation concluded and recruitment initiated	Done, Interviews for the position were held in September.	Company Secretary Appointed by the Board	Achieved. Company secretary commenced employment 1 December 2013.	N/A	N/A

BUDGET ALLOCATION - Economically Thriving Small Towns and Rural Communities (R45 099 044)										2 547 750.00	5 639 750.00		
2	Economically thriving small towns and rural communities	Promote improved and co-ordinated planning in the district	Number of LSDF documents to be prepared and approved by the CEO	9. At least 4 LSDF completed	Four LSDF documents	1 400 000.00	Project initiation phase	LSDF for Nxuba and Butterworth are underway	Planning continues	Achieved: Draft LSDFs for both Nxuba and Mquma were reviewed by Management and will be submitted to the respective Councils for approval during the 3rd quarter	N/A	N/A	
		<b>Small Town Regeneration</b>											
		Number of infrastructure development projects initiated	10. Facilitate the upgrade of supporting infrastructure to ensure that economic development can thrive through initiation of at least three infrastructural legacy projects	At least three infrastructure development projects initiated	36 331 093.10	Project identification and planning	Two infrastructure projects were identified as follows: Alice CBD upgrade (adjudicated on the 10 October 2013), Alice Taxi Rank (To be advertised on the 18 October 2013).	Fundraising and stakeholder consultation	Achieved: A Conference Centre project was identified in Kei Mouth. The Department of Tourism was approached for funding. Follow up with NDPG on funding for the Alice Taxi Rank has not proven successful during the quarter.	N/A	N/A		
		Number of local market centres established	11. Establish at least 3 local market centres	Market Access	615 000.00	Site and product identification	Traditional Xhosa Attire was identified in Great Kei, maize in Willowvale and local product marketing centre in Ngqushwa.	Branding and market establishment	Not Achieved: Draft Brand was presented to the Board of Directors in December. Further consultation on the Brand will be undertaken in the third quarter before it is tabled to the Board of Directors for approval	Capacity constraints due to delay in filling of the COO Position	The situation is beyond management's control as it is driven by the Board of Directors		
		<b>Agriculture</b>											
		Number of food security projects implemented	12. At least 4 food security projects	Four food security projects	2 650 451.00	Project identification and planning	Done, Amajingqi food security initiative (Mbashe), Chafutweni agricultural project (Mquma) and Ochorha Madoksini (Mquma) Agricultural projects were identified. Planning work has been completed at Amajingqi.	At least two food security projects initiated	Achieved: Kulo-Jingqi and Zazulwana food security projects have been initiated. A nursery is in place at Zazulwana and plans to develop one at Kulo-Jingqi are underway.	N/A	N/A		
		Number of commercial production projects implemented	13. At least two commercial production projects	Two commercial production projects	3 137 000.00	Project identification and planning	Done, Maize processing at Shixini (Amajingqi), nursery development at Shixini as well as Citrus farmers at Ngqushwa were identified and planning work was done.	One beef farming project initiated	Not Achieved	Capacity constraints due to delay in filling of the COO Position	The situation is beyond management's control as it is driven by the Board of Directors		
		Number of existing projects reviewed to ensure sustainability	14. Review at least 4 existing projects to ensure that they are sustainable	Four project review reports	406 500.00	Review of Bamboo project in Butterworth and Ndakana	The Bamboo Project in Butterworth was reviewed and the outcome of the review process is that the project is not sustainable due to the fact that the site is not suitable for Bamboo production.	Review of the Ndakana project and implement appropriate corrective measures to ensure sustainability of the project	Not Achieved	Capacity constraints due to delay in filling of the COO Position	The situation is beyond management's control as it is driven by the Board of Directors		
		Number of fish farming projects implemented	15. Introduce fish farming- at least one fish farming project implemented	One fish farming project	1 200 000.00	Stakeholder engagement and project identification	Done, DAFF (MCM) was engaged and two projects were identified (one in Hamburg and 1 in Qhorha). ELIDZ was also consulted.	Agreement with Marine and Coastal Management (DAFF)	Not Achieved	Capacity constraints due to delay in filling of the COO Position	A workshop is planned for February with DAFF, ECDC and other key stakeholders. After this workshop an agreement will be signed		
		<b>Tourism and Heritage</b>											
Concept development plan approved by the CEO.	16. Develop Hamburg into a cultural precinct	Concept development plan in place and existing initiatives strengthened, Environmental and Skills centre; An Arts Studio The Music Academy,	1 077 192.98	Revises the institutional arrangements for Emthonjeni Artist Retreat and ensure that the asset is transferred to Ngqushwa Municipality. Construction of buildings continues.	Done, A legal opinion was sought and it made clear recommendation on how to proceed. A meeting was held with Ngqushwa LM and Emthonjeni Board. Further engagement with Emthonjeni Arts Board is planned for the second Quarter	Project handover to Ngqushwa Municipality with a sustainability plan. Follow up on current construction initiatives to ensure that they are completed on time and they are also sustainable	Not Achieved	Delays in the signing of the agreement by Ngqushwa Municipality	ASPIRE has submitted the Agreement to the Department of Tourism and we are optimistic that this target will be achieved in the third Quarter				
Submitted UNESCO submission	17. Facilitate the promulgation of Amatole Biosphere Reserve	UNESCO submission		Participate in the steering committee	Done, Mr. S. Van Der Walt is representing Aspire in the Steering Committee. He attended an ECIC meeting where this initiative was discussed. The CEO met with SANBI to gain an understanding on the current process. It is clear that ASPIRE is not in a position to drive the initiative because it transverses other District Municipalities (Cacadu and Chris Hani). Furthermore the ADM is driving some activities without ASPIRE on board, e.g. the consultation underway lead by Aurecon.	Engage with stakeholders to agree on a common approach	Target has been removed due to being outside scope of Aspire and Amathole region.	N/A	N/A				

BUDGET ALLOCATION - Rural Community Clusters (R900 000)												
3	Rural Community Clusters	To create sustainable rural communities in order to reduce migration to urban areas	Number of pilot rural community clusters implemented	18. Pilot rural community cluster approach	Community Cluster model	400 000.00	Review existing cooperatives	Done. The Community Cluster approach is being reviewed at Amajingqi Traditional Authority	Pilot rural community cluster in two Municipalities	Not Achieved : Only one rural community cluster project is being piloted at Kulo Jingqi. The process of identifying the second pilot is underway	Capacity constraints due to delay in filling of the COO Position	Tithe second project will be identified and initiated in the third quarter
			Number of initiatives to pilot information access by rural communities	19. Pilot information access by rural communities in two rural communities	Internet access to rural communities	650 000.00	Community identification and service provider negotiation	Done. The Pikoli and Shixini communities have been identified. Discussions were held with the ELIDZ and the IDC to assist with implementation. ELIDZ is very keen on assisting and an SLA / MOU with them is under discussion.	Community consultations and site identification	Achieved: Internet access was installed Kulo- Jingqi with the assistance of Murray Trust	N/A	N/A

BUDGET ALLOCATION - The preferred investment and development partner (R)												
4	The preferred investment and development partner	Strengthen the mechanism for collaboration across all stakeholders thereby building a reputable brand	Number of SLA's signed between Aspire and local municipalities	20. SLA's signed between Aspire and the local municipalities	Co-operation and effective working relationship with local municipalities	850 000.00	Presentation of Aspire strategy and introduction of Project Manger	The Aspire Strategy was presented to the following Municipalities: Nxuba LM, Amahlathi LM, Nkonkobe LM. MOU is in draft form and being negotiated with the three LMs	Agreement on areas of cooperation and signing agreement with all local municipalities	Not achieved : Discussion of areas of cooperation with Ngqushwa, Amahlathi, Nxuba, Great Kei and Nkonkobe Local Municipalities were held. MoUs will be signed in the third quarter	Capacity constraints due to delay in filling of the COO Position	The agreements will be signed in the third Quarter of the financial year
			Number of agreements signed with partners	21. At least two agreement signed with partners	Co-operation and effective working relationship with partners to avoid duplication	850 000.00	Stakeholder analysis report	Stakeholder analysis is delayed due to capacity constraints. The vacancy of the COO position is stretching the capacity of the CEO tremendously. Five agreements are being negotiated as follows: 1. ARC for cooperation on agriculture, 2. ELIDZ for cooperation on science and technology, agroprocessing and market access 3. Three local municipalities (Nxuba, Amahlathi and Nkonkobe) for cooperation on project identification and implementation.	Negotiation of agreement and signing of at least one agreement	Achieved: Agreement signed with Enterprise Ileembe	N/A	N/A
			Brand strategy document approved by the CEO	22. Develop Brand Strategy	Reputable brand	150 000.00	Development and registration of the Amathole Brand	Procurement process is underway	Approval of the brand strategy document. Launch of the brand	Not Achieved. Draft brand developed and submitted to Board. Board requires further input from stakeholders.	Further input and discussions required with stakeholders and ADM	Consultation will be concluded in the 3rd Quarter to ensure that the brand is approved by the Board of Directors
			Number of PPP's signed	23. Development and implement of an investor promotion strategy	At least one PPP in place	450 000.00	Identify sites for investment	Done, campsites in Hamburg and Great Kei have been identified for PPP	Undertake the preliminary planning work	Not Achieved	Capacity constraints due to delay in filling of the COO Position	The situation is beyond management's control as it is driven by the Board of Directors
			Number of projects assessed to determine social economic impact	24. Undertake social economic impact assessment of at least 4 projects	Excellence in project implementation		Create awareness and train Project managers in contract management	Awareness has been created with Project Managers and the Service Providers. In the meantime the performance of projects is closely monitored	Undertake a socio impact assessment of at least four projects	Not achieved.	Capacity constraints due to delay in filling of the COO Position	The situation is beyond management's control as it is driven by the Board of Directors